

# Investment Priorities of the Czech Republic

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# Agenda

- **Economic Overview**
- **Investment Climate**
- **Investment Priorities & Support**
- **CzechAccelerator**
- **Q&A**

# Czech Republic

## Basic Data 2011

- **Czechoslovakia:**
  - October 1918
- **Velvet Revolution:**
  - November 1989
- **Czech Republic:** January 1993
- **Area:** 49,017 sq. Miles - 79,000 **km<sup>2</sup>**
  - California 163,696 sq. Miles
- **Population:** 10 million
  - California 38 million



# Czech Republic

## Basic Data 2011

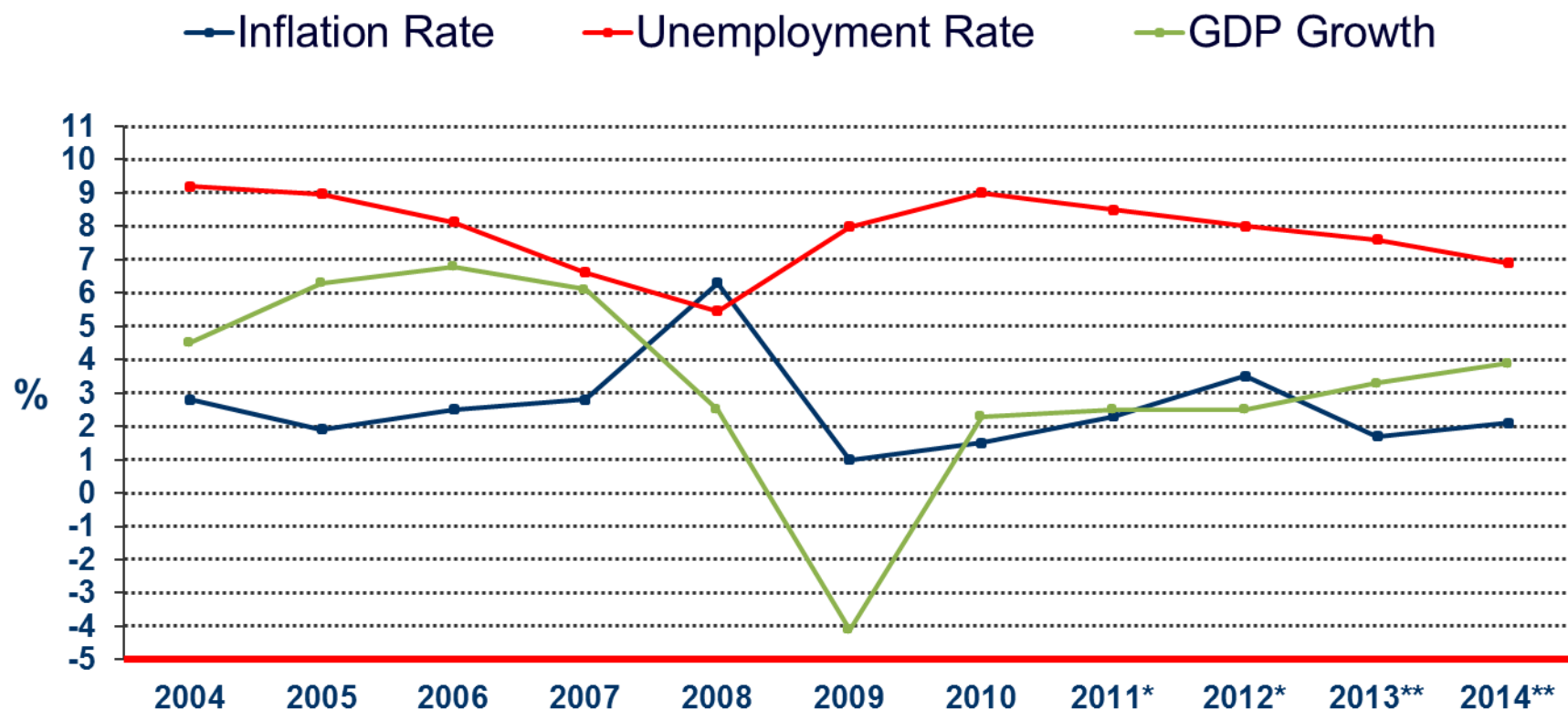


- **Capital City:** Prague
- **Currency:** CZK – Czech Koruna  
(1 USD = Approx. 19.00 CZK)



- **Language:** Czech
- **Time zone:** GMT+1 (GMT +2)
  - 9 hours difference (CA)
- **GDP Growth:** 1,2 % (3Q2011)
- **Unemployment:** 9.1 %
- **Annual Inflation:** 1.9 %

# Czech Republic Macro-Economic Indicators





## -- 5 Main Reasons to Invest in the Czech Republic

- 1 – Geographic Location in the Centre of Europe
- 2 – Well Educated and Skilled Labor Force
- 3 – Favorable Labor Costs
- 4 – Proven Research and Development Capabilities
- 5 – Attractive Investment Climate

# 1 – Geographic Location in CEE

- **Very good access** to both emerging eastern and established western markets
- Less than **two hours by air** from most European destinations
- **Advanced** infrastructure
  - Densest motorway network in CEE,
  - High-speed railways
  - 3 International Airports



## 2 – Educated and Skilled Labour Force

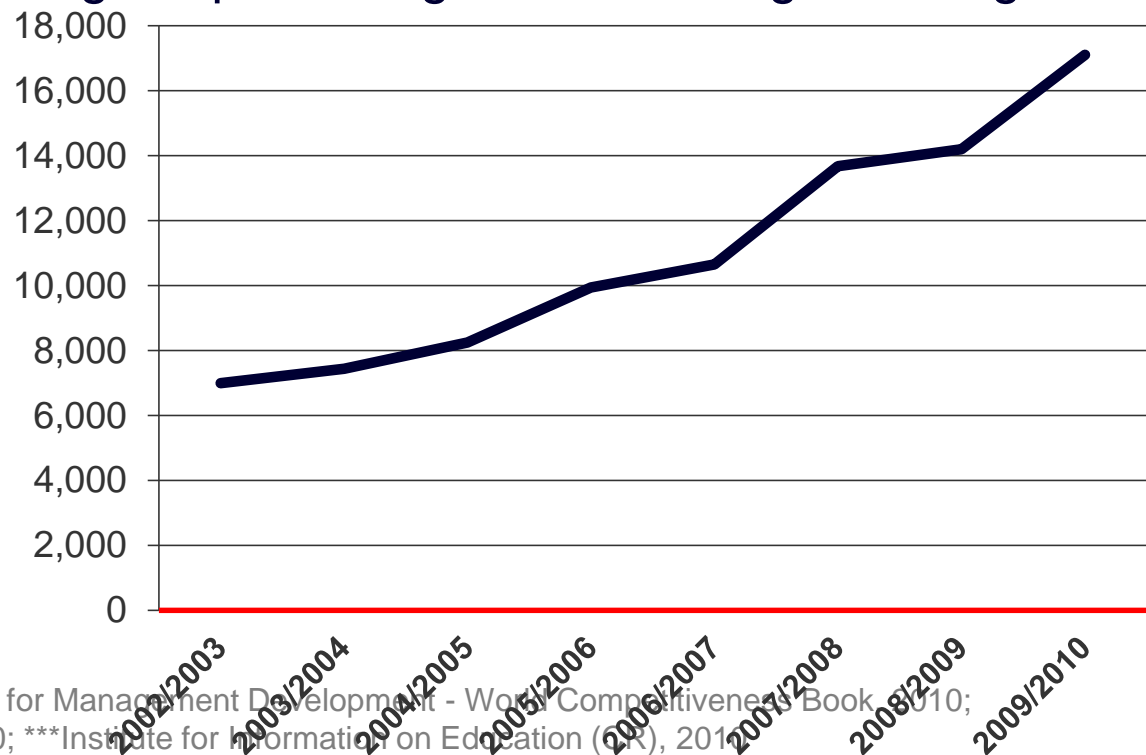
- Educational system **meets the needs of competitive economy\***
- High share of tertiary education within population\*\*
- Strong position regarding the percentage of students graduating in **technical fields\*\*\***

### Technical Universities

**Students: 80,245**

**Graduates: 17,109**

**PhD grad.: 1,029**



**Source:** CzechInvest, 2012; \*Institute for Management Development - World Competitiveness Book, 2010;

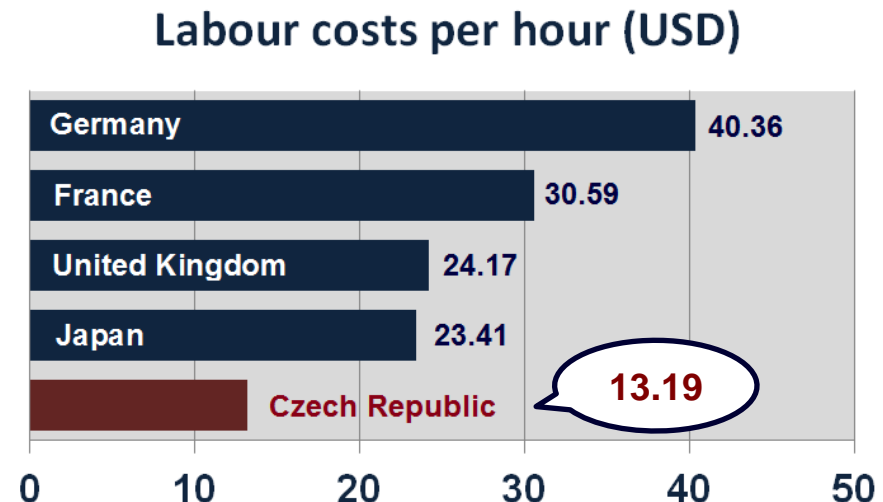
\*\*Education at a glance (OECD), 2010; \*\*\*Institute for Information on Education (IIE), 2010



# 3 – Favorable Labour Costs

- Creative, Innovative, Skilled and Experienced Professionals
- At “**Fraction of the Cost**” of Those in Western Economies

Position	CR	USA
IT Top Management	6,500	10,000
MIS Management	4,800	7,400
Systems Analysis Professionals	1,600	3,300
Programming Professionals	1,300	2,700



## 4 – Proven R&D Capabilities

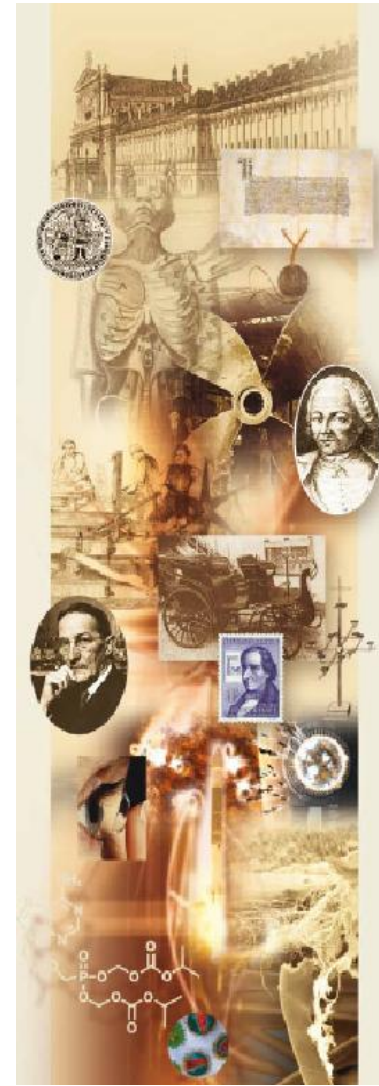
-- In 1920s – 1930s Czechoslovakia ranked among

**10 Most Developed Countries in the World**

-- Czech R&D or design centers:

**Panasonic, Honeywell, Mercedes-Benz, Motorola**

-- Czech scientists are behind world's well-known discoveries and patents, such as: **Contact Lenses and Anti-HIV Drugs**



# 5 – Attractive Investment Climate

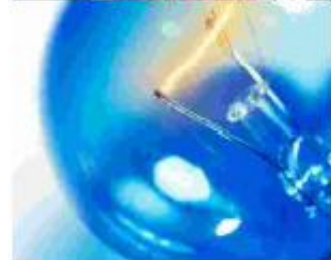
- **1989** – Fully-fledged parliamentary democracy
- **2004 – Member of European Union**
- Most advanced country among new EU members
- **S&P: “*The outlook is stable*” (AA-, August 2011)**
- Open investment climate – Key Element
- Most successful transition country in terms of FDI\*
- 73,000 foreign companies; 173,000 Czech firms supported by foreign capital
- Mentality, culture and attitudes close to western countries



# FDI Sectors \*



- Advanced Automotive
- Aerospace Industry
- Business Support Services
- CleanTech
- Electrical Engineering, Electronics Industry
- High-Tech Mechanical Engineering
- IT and Software Development
- Life Sciences
- Nanotechnology





# Investment Priorities

## FDI Sectors



### -- High-Tech Manufacturing Sector:

- Automotive, Aerospace
- Electronics and Microelectronics
- High-Tech Engineering, Nanotechnology
- Biotechnology, Pharmacy and Medical Equipment
- Renewable Energy and CleanTech

### -- Business Support Services:

- IT & Software Development, Expert Solution Centres
- High-Tech Repair Centres, Shared Services Centres (HR, Accounting, Finances)

### -- Technology (Design) Centres:

- Innovation Activities, Application Development

**TRADITIONAL**

**CUTTING EDGE**

**SERVICE ORIENTED**

**KNOWLEDGE ORIENTED**

# EU Structural Funds

- **Ministry of Industry and Trade / CzechInvest**
- **Operational Programme Enterprise and Innovation**
- **OPEI: 15 Grant Programmes for the period 2007-2013**
  - Innovations, Entrepreneurship and SMEs
  - New Technologies and Selected Strategic Services
  - R&D, HR, Cooperation and Infrastructure
- **Up to 60% of Eligible Costs (Wages/Long Term Assets)**
  - Conditions: Investment /Jobs creation





# Investment Incentives

- Investors expanding or introducing new production
- **Corporate Tax Relief**
  - Full tax relief for 5 years (newly established)
  - Partial tax relief for 5 years (expanding)
- **Job-creation Grants** (up to 50,000 CZK per employee)
- **Training and Re-Training Grants**
- New definition being prepared for 2012
  - **High-Tech & Strategic Investment**



## -- New Activity of CzechInvest in Silicon Valley

- Launched in April 2010 in Sunnyvale,
- 10 “Graduates”
- ICT, CleanTech, Life Sciences, ...



- **Tangible results:** Angel / VC funding, product launch at DEMO, R&D deal with Cisco, numerous partnership and distribution deals, ...



- **Tremendous „Intangible“ benefits to all participants**

- **Positive impact on entrepreneurial thinking in CR**

# Project CzechAccelerator 2011 – 2014

- Support to young innovative tech start-ups and SMEs in foreign countries



- **Objective:**

- Commercialize technological products, business development,
  - Accelerate penetration into world markets (BA, VC)
  - Learning process...
- **Project CzechAccelerator 2011 – 2014 (EU Structural funds – OPEI)**
  - **Stage One: West and East Coast of USA (Sept. 2011)**
    - California – US MAC, Massachusetts – MGP/CIC
  - **Stage Two: Switzerland, Israel, Singapore (Exp. 2012)**

# THANK YOU FOR YOUR ATTENTION

Questions?

**[www.czechinvest.org](http://www.czechinvest.org)**

Best Website among All Investment Promotion Agencies,  
(2009, World Bank)

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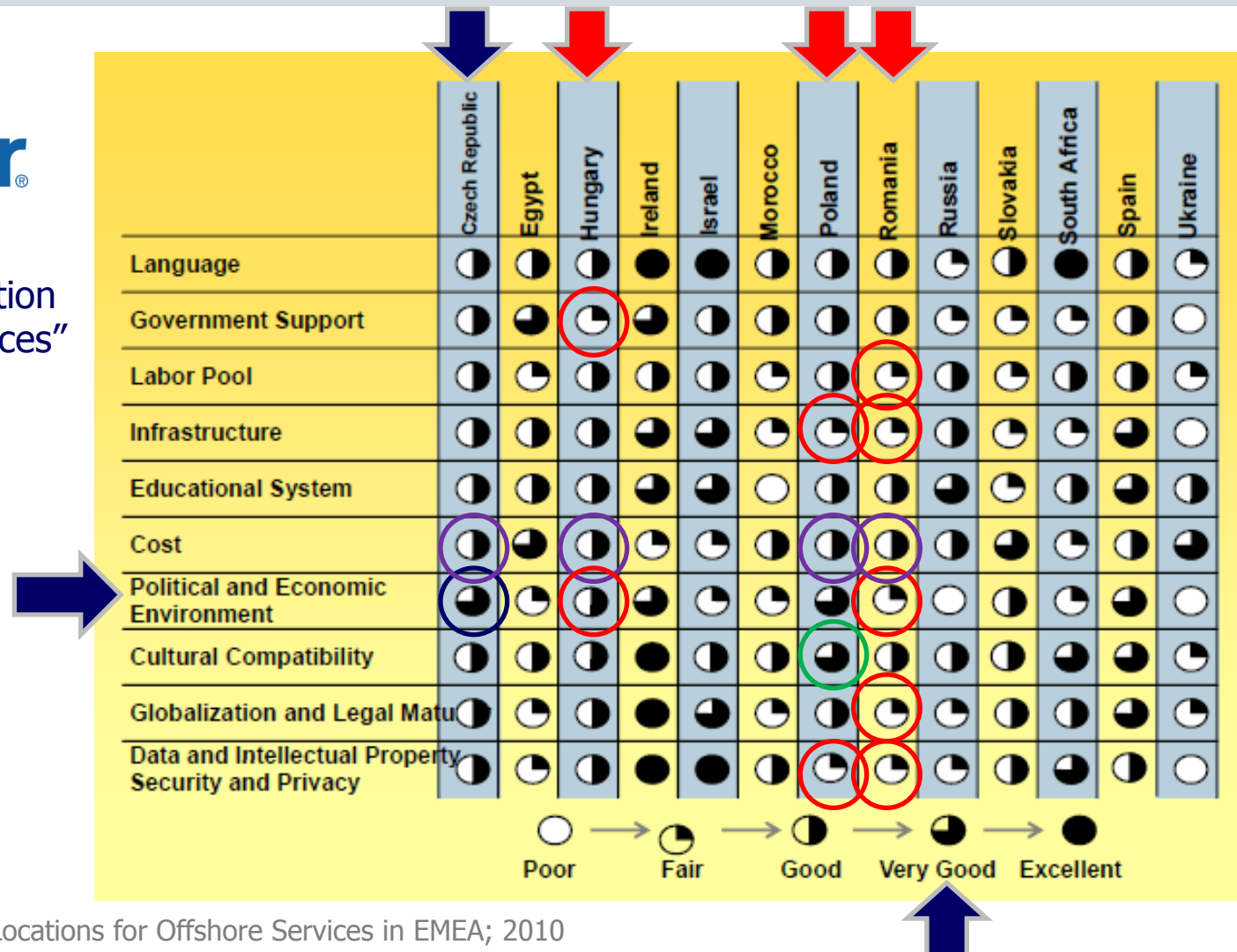


CzechInvest, the Investment and Business Development Agency, is an agency of the Ministry of Industry & Trade of the Czech Republic

# Investment Climate Benchmark by Gartner

**Gartner®**

“Europe’s top location  
for offshoring services”



# Gateway to the Czech Republic

## CzechInvest Agency



-- **Ministry of Industry and Trade of the Czech Republic**

-- **Investment & Business Development Agency**

-- **Services for potential investors:**

-- Collect/provide information concerning  
business environment and investment opportunities

-- Specific information covering priority sectors

-- Tailor-made visits to the Czech Republic

-- Identification of suitable sites and buildings

-- Identification of potential suppliers or JV partners

-- Obtaining investment incentives / Access to structural EU funds

-- Aftercare services

-- **Mission:**

-- Attract and support FDI

-- Improve business environment

-- Develop local companies

**All our services are free of charge**

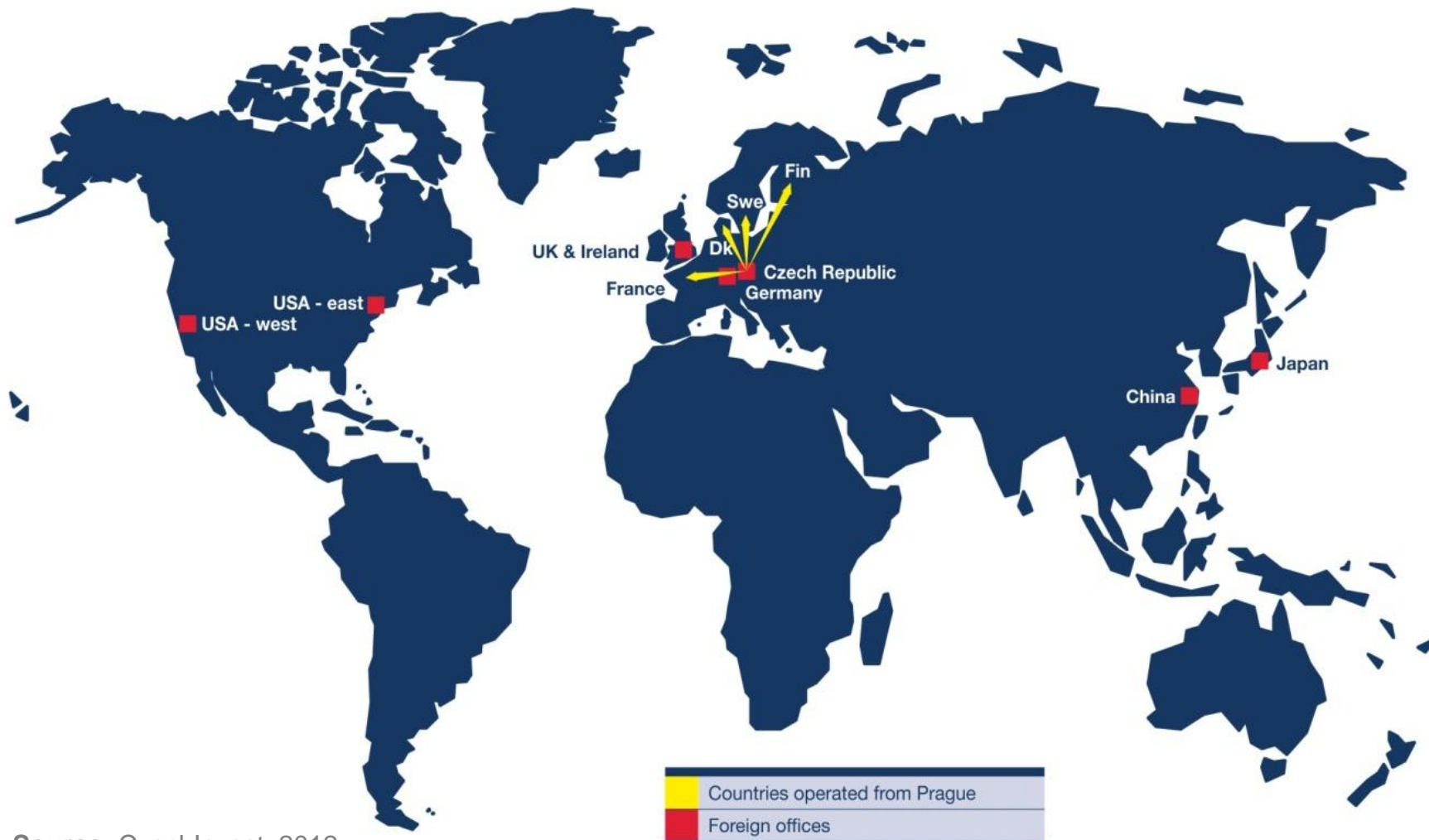
Source: CzechInvest, 2012





Foreign Offices

# CzechInvest Worldwide



Source: CzechInvest, 2012

# Czech Republic

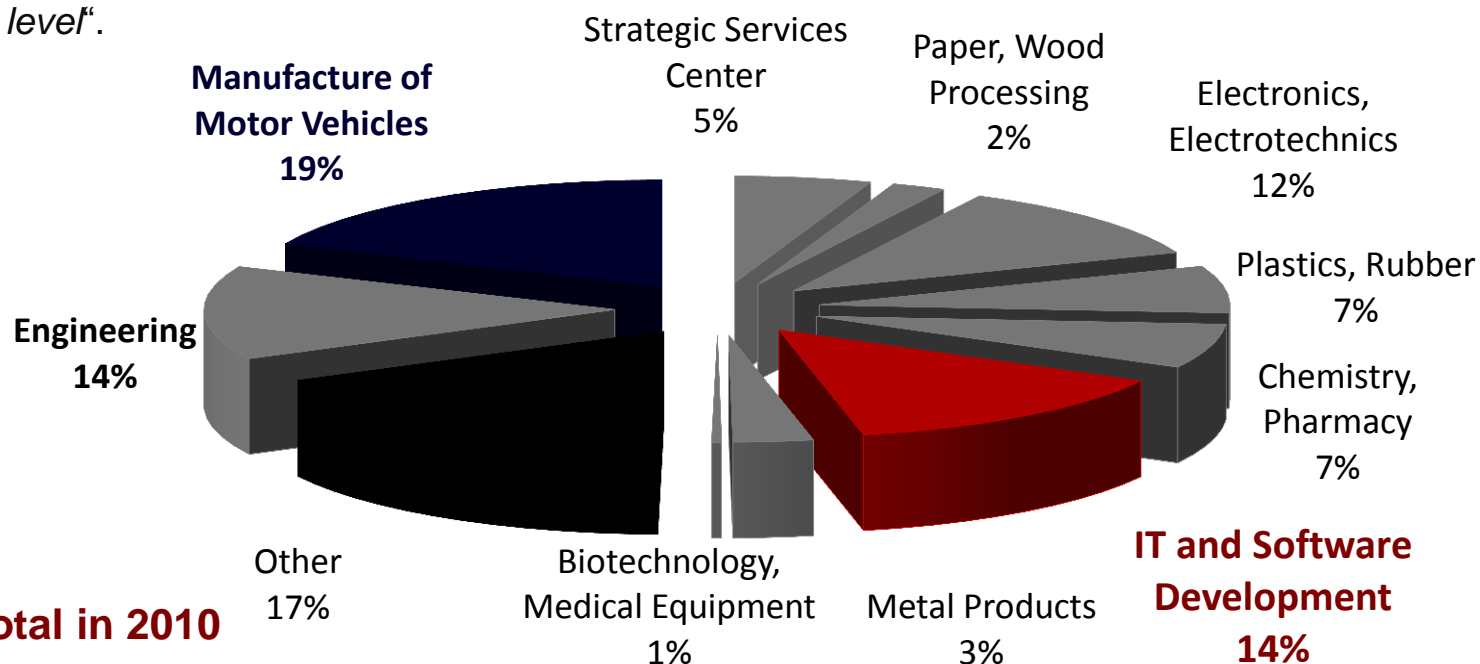
## Attractive Investment Climate – Projects by Sector



-- 1993 – H2 / 2010

-- *“The highest growth of FDI in 2010 was registered in the Czech Republic, which was the only country where the 2010 inflow surpassed the 2008 level”.*

Approved Projects (Total) :	1,565
New Jobs Created:	215,763
Total Investment Amount:	25,909 (USD mil.)



-- **IT – 40% of Total in 2010**

# Summary



- **CzechInvest Agency** – Gateway to the Czech Republic
- **Investment Climate** – Open and Attractive for FDI
- **Priority Sectors** – Significant potential for development
- **R&D in the Czech Republic**
  - Strategic importance for future development of CR
- **CzechAccelerator** (California, Massachusetts)
  - Czech innovative SMEs looking for strategic partners